

**ALASKA STATE LEGISLATURE
SENATE LABOR AND COMMERCE STANDING COMMITTEE**

March 19, 2021

1:30 p.m.

MEMBERS PRESENT

Senator Mia Costello, Chair
Senator Joshua Revak
Senator Gary Stevens
Senator Elvi Gray-Jackson
Senator Roger Holland, Vice Chair

COMMITTEE CALENDAR

CONFIRMATION HEARINGS

Board of Marital & Family Therapy
Richard Clampitt - Palmer

- CONFIRMATION ADVANCED

Board of Registration for Architects, Engineers & Land Surveyors
Catherine Fritz - Juneau
Randall Rozier - Fairbanks

- CONFIRMATIONS ADVANCED

Marijuana Control Board
Christopher Jaime - Fairbanks

- CONFIRMATION ADVANCED

Alcoholic Beverage Control Board
David Koch - Anchorage

- CONFIRMATION ADVANCED

Board of Examiners in Optometry
Michael Mavencamp - Fairbanks

- CONFIRMATION ADVANCED

SENATE BILL NO. 87

"An Act relating to credit for reinsurance; and providing for an effective date."

- MOVED SB 87 OUT OF COMMITTEE

SENATE BILL NO. 45

"An Act raising the minimum age to purchase, sell, exchange, or possess tobacco, a product containing nicotine, or an electronic smoking product; relating to transporting tobacco, a product containing nicotine, or an electronic smoking product; relating to the taxation of electronic smoking products; and providing for an effective date."

- MOVED CSSB 45(L&C) OUT OF COMMITTEE

SENATE BILL NO. 11

"An Act relating to community property and to community property trusts; and providing for an effective date."

- MOVED SB 11 OUT OF COMMITTEE

PREVIOUS COMMITTEE ACTION

BILL: SB 87

SHORT TITLE: REINSURANCE; CREDITS

SPONSOR(s): RULES BY REQUEST OF THE GOVERNOR

02/22/21	(S)	READ THE FIRST TIME - REFERRALS
02/22/21	(S)	L&C
03/08/21	(S)	L&C AT 1:30 PM BELTZ 105 (TSBldg)
03/08/21	(S)	Heard & Held
03/08/21	(S)	MINUTE(L&C)
03/19/21	(S)	L&C AT 1:30 PM BELTZ 105 (TSBldg)

BILL: SB 45

SHORT TITLE: AGE FOR NICOTINE/E-CIG; TAX E-CIG.

SPONSOR(s): STEVENS

01/25/21	(S)	PREFILE RELEASED 1/15/21
01/25/21	(S)	READ THE FIRST TIME - REFERRALS
01/25/21	(S)	L&C, FIN
02/19/21	(S)	L&C AT 1:30 PM BELTZ 105 (TSBldg)
02/19/21	(S)	Heard & Held
02/19/21	(S)	MINUTE(L&C)
03/01/21	(S)	L&C AT 1:30 PM BELTZ 105 (TSBldg)
03/01/21	(S)	Heard & Held
03/01/21	(S)	MINUTE(L&C)

03/19/21 (S) L&C AT 1:30 PM BELTZ 105 (TSBldg)

BILL: SB 11

SHORT TITLE: COMMUNITY PROPERTY TRUSTS

SPONSOR(s): SENATOR(s) BEGICH

01/22/21 (S) PREFILE RELEASED 1/8/21
01/22/21 (S) READ THE FIRST TIME - REFERRALS
01/22/21 (S) L&C, JUD
03/10/21 (S) L&C AT 1:30 PM BELTZ 105 (TSBldg)
03/10/21 (S) -- Testimony <Invitation Only> --
03/12/21 (S) L&C AT 1:30 PM BELTZ 105 (TSBldg)
03/12/21 (S) Heard & Held
03/12/21 (S) MINUTE(L&C)
03/19/21 (S) L&C AT 1:30 PM BELTZ 105 (TSBldg)

WITNESS REGISTER

RICHARD CLAMPITT, Appointee

Board of Marital & Family Therapy

Department of Commerce, Community and Economic Development

Palmer, Alaska

POSITION STATEMENT: Testified as appointee to the Board of Marital & Family Therapy.

CATHERINE FRITZ, Appointee

Board of Registration for Architects, Engineers & Land Surveyors

Department of Commerce, Community and Economic Development

Juneau, Alaska

POSITION STATEMENT: Testified for reappointment to the Board of Registration for Architects, Engineers, & Land Surveyors.

RANDALL ROZIER, Appointee

Board of Registration for Architects, Engineers & Land Surveyors

Department of Commerce, Community and Economic Development

Fairbanks, Alaska

POSITION STATEMENT: Testified as appointee to the Board of Registration for Architects, Engineers, & Land Surveyors.

CHRISTOPHER JAIME, Appointee

Marijuana Control Board

Department of Commerce, Community and Economic Development

Fairbanks, Alaska

POSITION STATEMENT: Testified for reappointment to the Marijuana Control Board.

DAVID KOCH, Appointee
Alcoholic Beverage Control Board
Department of Commerce, Community and Economic Development
Anchorage, Alaska
POSITION STATEMENT: Testified as appointee to the Alcoholic Beverage Control Board.

MICHAEL MAVENCAMP, Appointee
Board of Examiners in Optometry
Department of Commerce, Community and Economic Development
Fairbanks, Alaska
POSITION STATEMENT: Testified as appointee to the Board of Examiners in Optometry.

LORI WING-HEIER, Director
Division of Insurance
Department of Commerce, Community, and Economic Development
Anchorage, Alaska
POSITION STATEMENT: Discussed the answers to questions committee members asked when she visited their offices after the first hearing on SB 87.

MELODIE WILTERDINK, Staff
Senator Mia Costello
Alaska State Legislature
Juneau, Alaska
POSITION STATEMENT: Explained the changes from version B to version W of SB 45.

LORI WING-HEIER, Director
Division of Insurance
Department of Commerce, Community, and Economic Development
Anchorage, Alaska
POSITION STATEMENT: Provided information and answered questions related to SB 45.

TOM BEGICH, Alaska
State Legislature
Juneau, Alaska
POSITION STATEMENT: Sponsor of SB 11

ACTION NARRATIVE

1:30:32 PM

CHAIR MIA COSTELLO called the Senate Labor and Commerce Standing Committee meeting to order at 1:30 p.m. Present at call to order

were Senators Gray-Jackson, Stevens, Revak, and Chair Costello. Senator Holland joined the committee soon thereafter.

She reviewed the agenda.

CONFIRMATION HEARINGS
Board of Marital & Family Therapy
Board of Registration for Architects Engineers & Land Surveyors
Marijuana Control Board
Alcoholic Beverage Control Board
Board of Examiners in Optometry

[1:32:08 PM](#)

CHAIR COSTELLO announced the consideration of Governor Appointees for boards and commissions. She asked Richard Clampitt to introduce himself, give a brief explanation of his background, and his interest in serving on the board.

[1:32:32 PM](#)

RICHARD CLAMPITT, Appointee, Board of Marital & Family Therapy, Department of Commerce, Community and Economic Development (DCCED), Palmer, Alaska, related that he's lived in Alaska since 1993 and decided to pursue a second career as a therapist after retiring from the Alaska Air National Guard. He received his license as a professional counselor in 2009 and his license as a family and marriage therapist in 2010. He currently serves both occupations as a supervisor for those wishing to become licensed in Alaska. He resides and practices in Palmer. He said the pandemic has been challenging but it presented the opportunity to use telehealth to provide services. He hopes to take lessons learned over the past year to contribute to lasting change that will provide increased services to all Alaskans.

CHAIR COSTELLO asked what major issues he expects to face as a board member.

MR. CLAMPITT said he believes it is making sure that Alaskans are protected with high quality and well-trained licensed professionals who are able to carry out their missions.

[1:35:34 PM](#)

CHAIR COSTELLO opened public testimony on the appointment of Richard Clampitt to the Board of Marital & Family Therapy; finding none, she closed public testimony.

CHAIR COSTELLO asked Catherine Fritz to introduce herself, give a brief explanation of her experience, and her interest in

serving on the State Board of Registration for Architects Engineers, & Land Surveyors.

1:36:33 PM

CATHERINE FRITZ, Appointee, Board of Registration for Architects Engineers, & Land Surveyors, Department of Commerce, Community and Economic Development (DCCED), Juneau, Alaska, stated that she has been a registered architect since 1990 and worked as a government architect in Juneau throughout her career. She noted her prepared statement in the packets. She said she is standing for reappointment and has found the work to be rich but sobering when trying to understand the regulatory complexities that govern the practice of architects, engineers, land surveyors, and landscape architecture. She would like to continue to serve to continue to help the board get a strategic plan in place that reflects the values of the department and the considerations of the professions, primarily health, safety, and welfare regulation.

1:39:10 PM

CHAIR COSTELLO opened public testimony on the appointment of Catherine Fritz to the State Board of Registration for Architects Engineers, & Land Surveyors; finding none, she closed public testimony.

CHAIR COSTELLO asked Randall Rozier to introduce himself and tell the committee about his interest in serving on the State Board of Registration for Architects Engineers, & Land Surveyors.

1:39:48 PM

RANDALL ROZIER, Appointee, Board of Registration for Architects Engineers, & Land Surveyors, Department of Commerce, Community and Economic Development (DCCED), Fairbanks, Alaska, stated that he has been practicing for more than 15 years and now is a principle in one of the larger architectural firms in Alaska. He said he was honored to be nominated and looks forward to serving and believes it is an important responsibility. He said he hopes to offer a fresh perspective and a long-term outlook.

CHAIR COSTELLO thanked him for being willing to serve.

1:42:24 PM

CHAIR COSTELLO opened public testimony on the appointment of Randall Rozier to the State Board of Registration for Architects Engineers, & Land Surveyors; finding none, she closed public testimony.

CHAIR COSTELLO asked Christopher Jaime to introduce himself and tell the committee about his interest in serving on the Marijuana Control Board.

1:43:03 PM

CHRISTOPHER JAIME, Appointee, Marijuana Control Board, Department of Commerce, Community and Economic Development (DCCED), Fairbanks, Alaska, stated that he has lived in Alaska for 27 years and been employed as a trooper in both divisions for 20 years. He is grateful for the reappointment to the board of this fairly new industry, and he appreciates the opportunity to apply his perspective as the public safety representative. He related that he respects that the people of Alaska voted to legalize marijuana and he bases his decisions on board matters on public safety, the effects of licensed establishments on communities, and common sense. He is proud to be part of the board to try to balance public safety with entrepreneurial success. He emphasized that he has not received any direction from the Department of Public Safety (DPS) or the administration on topics that have or may come before the board. He looks forward to continuing his work on the board.

CHAIR COSTELLO observed that his resume reflects his broad experience.

1:44:41 PM

SENATOR GRAY-JACKSON expressed appreciation that he would not let his personal views on marijuana affect his decisions on the board.

1:45:15 PM

CHAIR COSTELLO opened public testimony on the appointment of Christopher Jaime to the Marijuana Control Board; finding none, she closed public testimony.

CHAIR COSTELLO asked David Koch to introduce himself and tell the committee about his interest in serving on the Alcoholic Beverage Control Board.

1:45:50 PM

DAVID KOCH, Appointee, Alcoholic Beverage Control Board, Department of Commerce, Community and Economic Development (DCCED), Anchorage, Alaska, stated that he served the Anchorage Police Department for 40 years, starting in a non-sworn capacity and retiring as a captain in 2019. He currently serves as an investigator for the FBI Background Unit. He said he volunteered

for this position and the governor selected him as the law enforcement representative. He has no ties to the alcohol industry and looks forward to serving the citizens of Alaska in this capacity.

[1:48:00 PM](#)

CHAIR COSTELLO opened public testimony on the appointment of David Koch to the Alcoholic Beverage Control Board; finding none, she closed public testimony.

CHAIR COSTELLO asked Michael Mavencamp to introduce himself and tell the committee about his interest in serving on the Board of Examiners in Optometry.

[1:48:25 PM](#)

MICHAEL MAVENCAMP, Appointee, Board of Examiners in Optometry, Department of Commerce, Community and Economic Development (DCCED), Fairbanks, Alaska, stated that he is a life-long Alaskan who graduated from optometry school in 2005. He started as an optometrist in 2006 and became a partner in the business in 2014. He said he feels it is time to give back to the career that has given him so much. Thus, his goal is to serve on this board.

[1:49:19 PM](#)

CHAIR COSTELLO opened public testimony on the appointment of Michael Mavencamp to the Board of Examiners in Optometry; finding none, she closed public testimony.

CHAIR COSTELLO noted the issues facing the health care industry and thanked him for being willing to serve.

[1:49:49 PM](#)

SENATOR HOLLAND stated that in accordance with AS 39.05.080, the Senate Labor and Commerce Standing Committee reviewed the following and recommends the appointments be forwarded to a joint session for consideration:

Board of Marital & Family Therapy
Richard Clampitt - Palmer

Alcoholic Beverage Control Board
David Koch - Anchorage

Board of Registration for Architects, Engineers & Land Surveyors
Randall Rozier - Fairbanks
Catherine Fritz - Juneau

Marijuana Control Board
Christopher Jaime - Fairbanks

Board of Examiners in Optometry
Michael Mavencamp - Fairbanks

Signing the reports regarding appointments to boards and commissions in no way reflects individual members' approval or disapproval of the appointees; the nominations are merely forwarded to the full legislature for confirmation or rejection.

[1:50:48 PM](#)

CHAIR COSTELLO found no objection and the names were forwarded.

SB 87-REINSURANCE; CREDITS

[1:50:53 PM](#)

CHAIR COSTELLO announced the consideration of SENATE BILL NO. 87, "An Act relating to credit for reinsurance; and providing for an effective date."

She advised that the purpose of the second hearing of SB 87 is to have Lori Wing-Heier, Director of the Division of Insurance, go over the questions members asked when she visited their offices after the first hearing and the answers she provided in writing.

[1:51:52 PM](#)

LORI WING-HEIER, Director, Division of Insurance, Department of Commerce, Community, and Economic Development, Anchorage, Alaska, stated that the two questions that arose from meeting with committee members were:

1) Q. Does the Division of Insurance monitor both the original company that insures a home and the company that covers the reinsurance to be sure there are sufficient funds to cover the insured property?

A. Yes, the division monitors both.

2. Q. Are there any organizations opposed to SB 87?

A. No, the division is not aware of any opposition to SB 87.

CHAIR COSTELLO asked her to give a brief recap of what the bill does and what other states are doing in this area.

MS. WING-HEIER stated that all states eventually will adopt a bill similar to SB 87. She said the Federal Insurance Office, which came out of the Dodd-Frank Act, entered into an agreement with the European Union and the United Kingdom about solvency standards for insurance companies. Because the federal government is not the regulator of insurance, each state is required to adopt legislation similar to this bill. The timeframe for adopting the legislation is five years and will expire in September 2022.

MS. WING-HEIER related that insurance companies typically buy reinsurance behind policies they sell consumers. This limits the primary insurer's loss in the event of a large claim. For example, for a \$1 million home, the primary insurer may reinsure half that amount. As the regulator, the Division of Insurance will look to see that the insurance company is carrying the \$1 million on their balance sheet and has adequate capital to cover the full \$1 million. The insurance company is asking to reduce the credit by \$500,000 if they buy reinsurance. The agreement authorizes that provided the US, the European Union, and the UK all have agreed to the same solvency metrics.

[1:54:52 PM](#)

CHAIR COSTELLO opened public testimony on SB 87; finding none, she closed public testimony on SB 87 and solicited the will of the committee.

[1:55:19 PM](#)

SENATOR HOLLAND moved to report SB 87, work order 32-GS1584\A, from committee with individual recommendations and attached fiscal note(s).

[1:55:37 PM](#)

CHAIR COSTELLO found no objection and SB 87 passed from the Senate Labor and Commerce Standing Committee.

[1:55:44 PM](#)

At ease

SB 45-AGE FOR NICOTINE/E-CIG; TAX E-CIG.

[1:59:17 PM](#)

CHAIR COSTELLO reconvened the meeting and announced the consideration of SENATE BILL NO. 45, "An Act raising the minimum age to purchase, sell, exchange, or possess tobacco, a product containing nicotine, or an electronic smoking product; relating to transporting tobacco, a product containing nicotine, or an

electronic smoking product; relating to the taxation of electronic smoking products; and providing for an effective date."

She said this is the third hearing in this committee, public testimony is closed, and there is a committee substitute (CS).

[1:59:58 PM](#)

SENATOR HOLLAND moved to adopt the Committee Substitute (CS) for SB 45, work order 32-LS0311\W, as the working document.

[2:00:32 PM](#)

CHAIR COSTELLO objected for an explanation of the changes.

[2:00:48 PM](#)

MELODIE WILTERDINK, Staff, Senator Mia Costello, Alaska State Legislature, Juneau, Alaska explained the changes from version B to version W of SB 45, paraphrasing the following document:

Sec. 10 - AS 21.96, Page 5, Lines 29-31, Page 6, Lines 1-11

Is amended by adding a new subsection AS 21.96.055 to require manufacturers of electronic smoking products sold in Alaska to file a bond of \$10,000,000 with the Division of Insurance on the condition that manufacturers must promise to pay monetary judgments related to product liability in the state. Persons having claims against an electronic smoking product manufacturer required to file a bond may bring suit on the bond for failure to pay a liability described in AS 21.96.055.

Sec. 17 - AS 43.50.320, Page 8, Lines 11-16

Is amended by adding a new subsection AS 43.50.320(i) to prohibit the distribution of flavored electronic smoking products and electronic smoking products designed or packaged so as not to be clearly recognizable as a tobacco product.

Sec. 22 - AS 43.50.350, Page 11, Lines 14-20

Is amended to insert an exception, described in Section 23, to the depositing of tax collected into the general fund, which may be used by the legislature to make appropriations for health care, health research, health promotion, and health education.

Sec. 23 - AS 43.50.350, Page 11, Lines 21-25

Is amended to add a new subsection AS 43.50.350 to direct tax collected on electronic smoking products to be accounted for separately and may be appropriated by the legislature to provide for education, programs, and advertising related to the hazards of electronic smoking products.

Sec. 26 - AS 43.50.390, Page 12, Lines 14-23

Is amended to update the definition of electronic smoking product to clarify that an "electronic smoking device" includes all parts, excluding batteries and battery chargers when sold separately.

Sec. 31 - AS 45.50.471(b), Page 16, Lines 3-6

Is amended by adding a new paragraph to prohibit the marketing of electronic smoking devices to persons under 21 years of age.

MS. WILTERRDINK advised that the title was updated to reflect the changes.

[2:04:20 PM](#)

CHAIR COSTELLO removed her objection; finding no further objection, version W of SB 45 was adopted.

She asked Ms. Wing-Heier to explain the bill section relating to posting a bond and the precedence in Alaska for these companies to carry a certain type of liability policy when doing business in the state.

She also noted the conceptual amendment for the committee to consider.

[2:05:08 PM](#)

LORI WING-HEIER, Director, Division of Insurance, Department of Commerce, Community, and Economic Development, Anchorage, Alaska, stated that SB 45 asks for a bond to guarantee that the manufacturer of e-cigarettes has the capital, character, and capacity to perform. For example, a bond protects the homeowner against liens on their house if their building contractor fails to pay bills associated with building that house. If the bills are unpaid, the homeowner would make a claim against the bond. By comparison, a liability policy insures against damages in the event of injury.

In the instance of SB 45, she advised that if the committee is looking for damages caused to people over age 21 because of e-

cigarettes, it would be asking for a general liability policy to cover injuries or diseases associated with the use of that product. She noted that the precedence for this was established several years ago when the legislature required Uber to file a certificate of insurance with the division showing liability coverage. She recalled it was a \$10 million policy.

SENATOR GRAY-JACKSON asked for the cost of a \$10 million bond.

MS. WING-HEIER offered to do some research and follow up with the information.

SENATOR GRAY-JACKSON said it wasn't necessary.

CHAIR COSTELLO summarized her understanding that the liability policy is backing the ability to do business in the state. Those businesses would file a commercial general liability policy with the division. She asked Ms. Wing-Heier to discuss the precedent set with Uber for this type of policy and how it would work.

MS. WING-HEIER explained that if Uber is in an accident, the injured party could ask the division, as the certificate holder, who to contact to file a claim. Policies under SB 45 would be the same. The policyholders would update and file annually and the division would be able to tell consumers, in the event they wanted to file a claim against the manufacturer, who has the manufacturer's liability insurance in the state of Alaska.

CHAIR COSTELLO asked the members if they were comfortable with a conceptual amendment in [Section 10] to replace the term "bond" with "commercial general liability policy" where it is appropriate.

[2:09:40 PM](#)

SENATOR HOLLAND moved Conceptual Amendment 1 to replace the term "bond" with "commercial general liability policy" in Section [10].

CHAIR COSTELLO clarified that the amendment is in Section 10 of the bill, and it amends Title 21.

[2:10:14 PM](#)

CHAIR COSTELLO found no objection and Conceptual Amendment 1 was adopted.

CHAIR COSTELLO noted who was available to answer questions.

[2:10:54 PM](#)

SENATOR STEVENS, speaking as sponsor, expressed appreciation for the Committee Substitute and what it does to help children today who are jeopardized by nicotine addiction.

CHAIR COSTELLO thanked the sponsor for allowing the committee to improve an already great bill.

[2:11:51 PM](#)

SENATOR HOLLAND sympathized with the people who worry about the tax and those who use vaping instead of tobacco products. He said he carefully looked into changing the tax but could not find a reason to do so at this time.

SENATOR GRAY-JACKSON stated that she has always supported age 21 the 75 percent tax on e-cigarettes.

CHAIR COSTELLO stated that she believes it is important that some of the changes in the CS mimic the federal law. It reflects the spirit of what the federal government is doing in terms of marketing e-products to young people. She said it is also important that a provision in the bill calls for the tax to be calculated separately so a legislature in the future could use those funds to educate young people about the dangers of e-cigarettes.

[2:14:58 PM](#)

SENATOR HOLLAND moved to report the committee substitute for SB 45, work order 32-LS0311\W as amended, from committee with individual recommendations and attached fiscal note(s).

[2:15:17 PM](#)

CHAIR COSTELLO found no objection and CSSB 45(L&C), as amended, was reported from the Senate Labor and Commerce Standing Committee.

SB 11-COMMUNITY PROPERTY TRUSTS

[2:15:48 PM](#)

CHAIR COSTELLO announced the consideration of SENATE BILL NO. 11, "An Act relating to community property and to community property trusts; and providing for an effective date."

[2:15:57 PM](#)

TOM BEGICH, Alaska State Legislature, Juneau, Alaska, Sponsor of SB 11, stated that he presented the bill last Friday and explained that it corrects an ambiguity in the Community and

Property Trust Act of 1998 and achieves the intent that community property trusts include appreciation.

CHAIR COSTELLO listed who was available to answer questions.

[2:17:10 PM](#)

CHAIR COSTELLO opened public testimony on SB 11; finding none, she solicited the will of the committee.

[2:17:32 PM](#)

SENATOR HOLLAND moved to report SB 11, work order 32-LS0132\I, from committee with individual recommendations and attached fiscal note(s).

[2:17:51 PM](#)

CHAIR COSTELLO found no objection and SB 11 passed from the Senate Labor and Commerce Standing Committee.

SENATOR BEGICH thanked the chair and the committee for its swift consideration of the bill. He characterized it as a small bill that will have important ramifications.

[2:19:04 PM](#)

There being no further business to come before the committee, Senator Costello adjourned the Senate Labor and Commerce Standing Committee meeting at 2:19 p.m.